

BROADMOOR CHARTER SCHOOL BOARD, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Broadmoor Charter School Board, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Broadmoor Charter School Board, Inc. (a nonprofit organization) (the "School") d/b/a Andrew H. Wilson Charter School, which comprise the Statement of Financial Position as of June 30, 2013, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

December 5, 2013

FINANCIAL STATEMENTS

BROADMOOR CHARTER SCHOOL BOARD, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2013

	ASSETS	<u>2013</u>
Assets:		
Cash and cash equivalents		\$ 685,563
Restricted cash		28,919
Grants receivable		124,750
Prepaid expenses		26,581
Other receivables		<u>2,956</u>
Total Assets		<u><u>\$ 868,769</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable		\$ 46,511
Accrued expenses		177,570
Due to management company		<u>400,000</u>
Total Liabilities		<u>624,081</u>
Net Assets:		
Unrestricted		\$ 215,769
Temporarily Restricted		<u>28,919</u>
Total Net Assets		<u><u>\$ 244,688</u></u>
Total Liabilities and Net Assets		<u><u>\$ 868,769</u></u>

See accompanying notes to financial statements.

BROADMOOR CHARTER SCHOOL BOARD, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	2013		
	Unrestricted	Temporarily Restricted	Total
Public Support and Other Revenues:			
Local per pupil aid	\$ 2,540,864	\$ -	\$ 2,540,864
Federal sources	1,225,610	-	1,225,610
State public school funds	2,512,828	-	2,512,828
Other state and local sources	296,857	48,545	345,402
Donations and contributions	200,855	5,000	205,855
 Total Public Support and Other Revenues	 6,777,014	 53,545	 6,830,559
 Net Assets Released from Restrictions			
Restrictions satisfied by payments	24,626	(24,626)	-
 Total Support, Revenues and Reclassifications	 6,801,640	 28,919	 6,830,559
 Expenses:			
Program services:			
Instructional	3,644,444	-	3,644,444
Supporting services:			
Management and general	2,530,603	-	2,530,603
 Total Expenses	 6,175,047	 -	 6,175,047
 Increase in Unrestricted Net Assets	 626,593	 28,919	 655,512
 Net assets at beginning of year	 (410,824)	 -	 (410,824)
 Net Assets at End of Year	 <u>\$ 215,769</u>	 <u>\$ 28,919</u>	 <u>\$ 244,688</u>

See accompanying notes to financial statements.

BROADMOOR CHARTER SCHOOL BOARD, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

	<u>2013</u>
Cash Flows from Operating Activities:	
Increase in net assets	\$ 655,512
Depreciation	77,647
Change in estimate	(119,674)
(Increase) decrease in operating assets:	
Grants receivable	314,425
Prepaid expenses	12,499
Other receivables	(2,956)
Decrease in operating liabilities:	
Accounts payable	(466,800)
Accrued expenses	(74,516)
Due to management company	<u>(20,572)</u>
Net cash provided by operating activities:	<u>375,565</u>
Net increase in cash and cash equivalents	375,565
Cash and cash equivalents, beginning of year	<u>338,917</u>
Cash and cash equivalents, end of year	<u><u>\$ 714,482</u></u>
As reported in the accompanying Statement of Financial Position:	
Cash and cash equivalents	\$ 685,563
Restricted cash	<u>28,919</u>
	<u><u>\$ 714,482</u></u>

See accompanying notes to financial statements.

BROADMOOR CHARTER SCHOOL BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	<u>Instructional</u>	<u>Management And General</u>	<u>Total</u>
Salaries and benefits	\$ 3,225,840	\$ 710,126	\$ 3,935,966
Transportation	-	451,971	451,971
Purchased property services	192,384	163,203	355,587
Food service	-	322,067	322,067
Dues and fees	-	254,127	254,127
In kind rent	-	153,300	153,300
Utilities	-	142,226	142,226
Supplies	126,191	-	126,191
Legal and Accounting	-	86,769	86,769
Depreciation	-	77,467	77,467
Technology	67,716	-	67,716
Student activities	-	64,435	64,435
Insurance	-	47,283	47,283
Communications	-	32,376	32,376
Rentals	-	24,473	24,473
Textbooks	19,021	-	19,021
Travel	13,292	780	14,072
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u><u>\$ 3,644,444</u></u>	<u><u>\$ 2,530,603</u></u>	<u><u>\$ 6,175,047</u></u>

See accompanying notes to financial statements.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Broadmoor Charter School Board, Inc. (the "School") (a nonprofit organization) was granted a charter by the Louisiana State Board of Elementary and Secondary Education ("BESE") in 2007 to operate a Type 5 public charter school d/b/a Andrew H. Wilson Charter School. On December 17, 2011 BESE's Board conditionally approved renewal of the School's charter agreement for three (3) years. The School serves students from kindergarten through eighth grade.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. Accordingly, certain costs have been allocated among instructional and supporting services in the accompanying Statement of Functional Expenses.

Basis of Presentation

The School follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the School is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the School pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by the School is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the School.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The School is a Louisiana nonprofit that has been granted an exemption from the payment of income taxes under Section 501(c) (3) of the Internal Revenue Code and has been determined to be other than a private foundation. The School's management believes that the School continues to operate in a manner that preserves its tax exempt status. Based on its evaluation, the School has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The School is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for the years before 2010.

Public Support and Revenue

The School receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. The School uses the direct write-off method of writing off uncollectible receivables.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Grants receivable make up a significant portion of the School's current assets. The School's management has determined these receivables are fully collectible as of June 30, 2013, and therefore no allowance for uncollectible accounts has been recorded.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of three (3) months or less. The School had no cash equivalents at June 30, 2013.

Compensated Absences

All teachers and staff accrue annual paid time off throughout the year. Employees accrue a portion of the paid time off each pay period. Upon termination, employees are eligible to be compensated for up to ten (10) days of paid time off at a rate of \$75 per day.

Property and Equipment

Property and equipment is capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair market values as of the date received. The School maintains a capitalization threshold of \$5,000 for furniture and equipment, computers, and curriculum and materials. All reported property and equipment except land is depreciated. Depreciation is computed using the straight-line method over the range of useful lives of three (3) to seven (7) years depending on the individual asset. The net book value of property and equipment as of June 30, 2013 was zero (\$0).

Subsequent Events

Subsequent events have been evaluated through December 5, 2013 the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The School maintains its cash balances at one (1) financial institution. The balances may exceed the federally insured limits at times throughout the year.

Restrictions on cash include donor imposed restricted contributions received from the Recovery School District in the amount of \$28,919 for student activity use. Restricted cash is released by incurring expenses satisfying the restrictions imposed by donors.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 3 – RETIREMENT PLANS

Substantially all employees of the School are members of an employer sponsored Profit Sharing 401(k) plan. Covered employees may elect to contribute a portion of their salaries to the plan after the employee has reached the age of twenty-one (21) and after performing six (6) consecutive months of service. The School has elected a discretionary matching contribution option. The School made no contributions for the year ended June 30, 2013.

NOTE 4 – COMPENSATED ABSENCES

School-Based Employees:

All ten (10) month school-based employees accrue up to ten (10) days of paid time off each school year. These days are to be used in case of illness or any other reason an employee needs a day off. Unused paid time off, up to ten (10) days, will roll forward at the end of the fiscal year (June 30th). Paid time off in excess of ten (10) days will be forfeited at the end of the fiscal year.

Funding Policy:

School Support Center staff work throughout the year and observe school holidays. All twelve (12) month school-based non-administrators are eligible to earn up to twenty-four (24) days of paid time off during their scheduled work year. Unused paid time off, up to ten (10) days, will roll forward at the end of the fiscal year (June 30th). Paid time off in excess of ten (10) days will be forfeited at the end of the fiscal year.

Compensated absences payable as of June 30, 2013 was \$24,075.

NOTE 5 - CONTINGENCIES

State Funding - The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Facility Operating Costs - As disclosed in Note 6, the School leased from the Louisiana State Department of Education through its Recovery School District ("RSD"). As disclosed in Note 6, the RSD and the School reached an agreement as to what costs would be charged to the School.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 6 – LEASE AGREEMENT

The School has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the “RSD”) which coincides with the term of the charter for the use of Andrew H. Wilson Charter School main buildings, cafeteria and grounds as School facilities. This lease may be extended for in the event the Louisiana Board of Elementary and Secondary Education extends the School’s charter contract. The RSD has reserved the right to impose rent in subsequent years. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreement indicating fees that would be charged to nonprofit organizations for rental of the building totaling \$153,300 for the year ended June 30, 2013. Such in-kind rent has been recorded in the accompanying Statement of Activities for the year ended June 30, 2013.

The lease agreement states the RSD may move the School at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by the School, projected enrollment, program specific needs, and community needs. The School may terminate this agreement upon 30 days’ notice to relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause prior to the end of the specified term in the event the School fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

NOTE 7 – OPERATING LEASES

The School has entered into operating leases for the rental of copiers and printers. The leases are for thirty-six (36) months. Rental payments under these leases were \$22,806 for the year ended June 30, 2013.

Future minimum commitments under the operating lease agreements are as follows:

2014	\$	19,935
2015		<u>3,323</u>
	\$	<u>23,258</u>

NOTE 8 – SIGNIFICANT CONCENTRATIONS

For the year ended June 30, 2013, the School received approximately 18% of its total revenue from federal sources, approximately 38% of its total revenue from state sources, and approximately 41% from local sources.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at:

	<u>June 30, 2013</u>
Student Activities	<u>\$ 28,919</u>
Total	<u><u>\$ 28,919</u></u>

NOTE 10 – DUE TO MANAGEMENT COMPANY

The management company agreement with Edison Learning, Inc. (the “Management Company”) was a residual fee agreement prior to its amendment on December 11, 2011, which effectively terminated the contract as of June 30, 2011. Under the terms of this agreement, the Management Company received its fee only when total revenues exceeded total expenses. Operational expenses were paid by the Management Company and the School transferred all grant revenues it earned and received to the Management Company to pay for operational expenses and certain Management Company reimbursable expenses.

The School was in a dispute with the Management Company over the amount it is due, however subsequent to year end, the School and the Management Company resolved the dispute. On December 11, 2013, mediation between the two parties was successful and the amount due to the Management Company from the School was determined as \$400,000. On December 13, 2013, the School voted on and approved the resolution with the Management Company.

NOTE 12 – SUBSEQUENT EVENT

The School was involved in an ongoing lawsuit as of June 30, 2013 involving a former employee that sued the School for lost wages. On September 17, 2013 the lawsuit was dismissed without any financial loss to the School.

PERFORMANCE STATISTICAL DATA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Broadmoor Charter School Board, Inc.
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Broadmoor Charter School Board, Inc. (a nonprofit organization) (the "School") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Education Levels of Public School Staff (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2012.
3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined that the individual’s experience was properly classified on the schedule.

Public Staff Data (Schedule K-5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2012 roll books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule K-7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School System.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the school.

We noted the following exception as a result of applying the above procedures:

Education Levels of Public School Staff (Schedule K-2)

Finding:

We noted seven (7) instances where the teachers' certification status was incorrectly reported on the October 1, 2012 PEP report. There were six (6) teachers that were not identified as certified on the PEP report that were certified as of that date. There was one (1) teacher that was identified as certified on the PEP report that did not have a valid certification as of that date.

Corrective Action Plan:

Management will transition the PEP reporting requirements to its Director of Human Resources. The Director of Human Resources will maintain a schedule listing teachers' certification statuses, and will reconcile it with available information prior to submission.

Finding:

We noted one (1) instance where the teacher's education level was incorrectly reported on the October 1, 2012 PEP report. The October 1, 2012 PEP report stated that the teacher had a Bachelor's degree when the teacher had obtained a Master's degree.

Corrective Action Plan:

Management will reconcile all PEP reporting to documentation available in employees' personnel folders prior to submission.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

Finding:

We noted six (6) instances where the teachers' reported experience level was incorrect on the October 1, 2012 PEP report.

Corrective Action Plan:

Management will verify the teachers' experience levels with available information prior to report submission.

Public Staff Data (Schedule K-5)

Finding:

We noted nineteen (19) instances where the teachers' reported salary was incorrectly reported per the June 30, 2013 PEP report. The salaries reported on the June 30, 2013 PEP report were the original contract salary, however all of these teachers received additional compensation during the year and the actual salary paid was more than reported.

Corrective Action Plan:

Management failed to account for additional compensation earned by teachers in the June 30, 2013 PEP report. Management will code these wages separately and submit them in future PEP reports.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Broadmoor Charter School Board, Inc., the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

December 5, 2013

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-1

**General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2013**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 1,624,836	
Other instructional staff activities	134,845	
Instructional Staff Employee benefits	497,136	
Purchased professional and technical services	192,384	
Instructional materials and supplies	133,039	
Less instructional equipment	20,445	
Total teacher and student interaction activities		\$ 2,602,685

Other instructional activities 13,292

Pupil support activities	\$ 309,048	
Less equipment for pupil support activities	-	
Net pupil support activities		309,048

Instructional Staff Services	\$ -	
Less equipment for instructional staff services	-	
Net instructional staff services		-

School Administration	\$ 349,892	
Less: Equipment for School Administration	-	
Net school administration		349,892

Total general fund instructional expenditures \$ 3,274,917

Total general fund equipment expenditures \$ (20,445)

Certain Local Revenue Sources:

This section is not applicable.

Note: Broadmoor Charter School Board, Inc. receives local revenues from the Recovery School District. The School does not receive a detailed schedule of the source of these revenues. This section is not applicable to charter schools under the Recovery School District.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-2

Education Level of Public School Staff

As of October 1, 2012

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	19	73%	12	92%	1	50%	-	-
Master's Degree	6	23%	1	8%	1	50%	-	-
Master's Degree +30	1	4%	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	26	100%	13	100%	2	100%	-	0%

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-3

Number and Type of Public Schools
For the Year Ended June 30, 2013

Type	2013
	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-4

Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2012

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	1	-	-	-	-	1
Classroom Teachers	11	6	12	1	2	2	5	39
Principals	-	-	-	-	-	1	-	1
Total	11	6	13	1	2	3	5	41

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-5

Public School Staff Data

2012-2013 School Year

2012-2013	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$49,606	\$49,606
Average Classroom Teacher's Salary Excluding Extra Compensation	\$48,306	\$48,306
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	37.0	37.0

Note: Amounts reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-6

Class Size Characteristics

As of October 1, 2012

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	38%	51	54%	73	8%	11	-	-
Elementary Activity Classes	41%	19	55%	26	4%	2	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-7

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Years Ended June 30, 2013, 2012, 2011

District Achievement Level Results	English						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	1	2%	4	6%	1	1%	1	2%	3	4%	1	1%
Mastery	8	13%	6	8%	5	6%	6	9%	10	14%	8	9%
Basic	27	41%	26	36%	40	45%	13	20%	22	31%	37	42%
Approaching Basic	16	25%	26	36%	29	33%	20	30%	23	32%	25	29%
Unsatisfactory	12	19%	10	14%	13	15%	26	39%	14	19%	17	19%
Total	64	100%	72	100%	88	100%	66	100%	72	100%	88	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	1	1%	2	3%	-	-	-	-	-	-	-	-
Mastery	1	1%	3	4%	-	-	2	3%	3	4%	-	-
Basic	20	30%	25	35%	22	25%	19	29%	25	35%	29	33%
Approaching Basic	27	40%	26	36%	50	57%	23	35%	27	37%	31	35%
Unsatisfactory	18	28%	16	22%	16	18%	22	33%	17	24%	28	32%
Total	67	100%	72	100%	88	100%	66	100%	72	100%	88	100%

District Achievement Level Results	English						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	-	-	1	3%	-	-	-	-	-	-	-	-
Mastery	3	6%	5	13%	4	20%	-	-	1	3%	1	5%
Basic	29	58%	21	55%	15	75%	21	42%	11	30%	13	65%
Approaching Basic	17	34%	9	24%	1	5%	16	32%	15	40%	6	30%
Unsatisfactory	1	2%	2	5%	-	-	13	26%	10	27%	-	-
Total	50	100%	38	100%	20	100%	50	100%	37	100%	20	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	-	-	-	-	-	-	-	-	-	-	-	-
Mastery	1	2%	-	-	3	15%	-	-	-	-	1	5%
Basic	24	48%	12	32%	10	50%	28	56%	18	47%	12	60%
Approaching Basic	20	40%	18	47%	5	25%	16	32%	9	24%	5	25%
Unsatisfactory	5	10%	8	21%	2	10%	6	12%	11	29%	2	10%
Total	50	100%	38	100%	20	100%	50	100%	38	100%	20	100%

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-9

Integrated Louisiana Educational Assessment Program (iLEAP)
For the Years Ended June 30, 2013, 2012, 2011

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	1%	2	3%	-	-	-	-
Mastery	10	13%	6	8%	3	5%	5	8%
Basic	27	35%	22	28%	24	36%	24	37%
Approaching Basic	29	38%	21	27%	30	45%	17	26%
Unsatisfactory	10	13%	26	34%	9	14%	19	29%
Total	77	100%	77	100%	66	100%	65	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	-	0%	1	2%	-	-	-	-
Mastery	1	2%	1	2%	-	-	-	-
Basic	23	42%	22	40%	9	16%	12	22%
Approaching Basic	22	40%	17	31%	25	45%	25	45%
Unsatisfactory	9	16%	14	25%	21	39%	18	33%
Total	55	100%	55	100%	55	100%	55	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	-	-	-	-	-	-	-	-
Mastery	6	11%	-	-	2	4%	5	9%
Basic	33	62%	22	41%	33	62%	28	53%
Approaching Basic	11	21%	12	23%	17	32%	14	27%
Unsatisfactory	3	6%	19	36%	1	2%	6	11%
Total	53	100%	53	100%	53	100%	53	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	-	-	-	-	-	-	-	-
Mastery	1	3%	1	3%	1	3%	1	3%
Basic	29	72%	15	37%	18	45%	27	67%
Approaching Basic	10	25%	16	40%	15	37%	7	17%
Unsatisfactory	-	-	8	20%	6	15%	5	13%
Total	40	100%	40	100%	40	100%	40	100%

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-9

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	3	4%	3	4%	1	2%	-	-
Mastery	9	14%	8	12%	3	4%	6	9%
Basic	19	29%	19	29%	22	33%	25	39%
Approaching Basic	20	30%	20	30%	29	44%	11	17%
Unsatisfactory	15	23%	16	24%	11	17%	23	35%
Total	66	100%	66	100%	66	100%	65	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	-	-	-	-	-	-	1	2%
Mastery	2	4%	2	4%	1	2%	3	5%
Basic	23	40%	36	63%	25	44%	29	51%
Approaching Basic	20	35%	9	16%	27	47%	14	25%
Unsatisfactory	12	21%	10	17%	4	7%	10	17%
Total	57	100%	57	100%	57	100%	57	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	-	-	-	-	-	-	2	3%
Mastery	4	6%	6	9%	4	6%	2	3%
Basic	23	34%	38	57%	27	40%	29	44%
Approaching Basic	23	34%	12	18%	24	36%	27	40%
Unsatisfactory	17	26%	11	16%	12	18%	7	10%
Total	67	100%	67	100%	67	100%	67	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	-	-	-	-	-	-	-	-
Mastery	4	9%	3	7%	1	2%	3	7%
Basic	26	57%	15	33%	25	55%	23	50%
Approaching Basic	14	30%	20	43%	18	39%	16	34%
Unsatisfactory	2	4%	8	17%	2	4%	4	9%
Total	46	100%	46	100%	46	100%	46	100%

BROADMOOR CHARTER SCHOOL BOARD, INC.
NEW ORLEANS, LOUISIANA

Schedule K-9

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	2%	1	2%	-	-	-	-
Mastery	5	8%	8	12%	3	5%	5	8%
Basic	24	37%	25	38%	24	36%	24	37%
Approaching Basic	20	31%	17	26%	30	45%	17	26%
Unsatisfactory	14	22%	15	22%	9	14%	19	29%
Total	64	100%	66	100%	66	100%	65	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	2	3%	2	3%	1	2%	1	2%
Mastery	10	17%	5	9%	4	7%	4	7%
Basic	33	55%	32	53%	23	38%	23	38%
Approaching Basic	11	18%	15	25%	22	36%	22	36%
Unsatisfactory	4	7%	6	10%	10	17%	10	17%
Total	60	100%	60	100%	60	100%	60	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	-	-	-	-	-	-	-	-
Mastery	1	2%	3	5%	3	4%	4	6%
Basic	38	57%	32	48%	26	39%	34	51%
Approaching Basic	17	26%	16	24%	27	41%	23	35%
Unsatisfactory	10	15%	15	23%	11	16%	5	8%
Total	66	100%	66	100%	67	100%	66	100%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	-	-	1	1%	-	-	-	-
Mastery	6	8%	1	1%	2	2%	3	4%
Basic	26	37%	35	50%	26	37%	35	50%
Approaching Basic	23	32%	22	31%	26	37%	22	31%
Unsatisfactory	16	23%	12	17%	17	24%	11	15%
Total	71	100%	71	100%	71	100%	71	100%

**OMB CIRCULAR A-133 COMPLIANCE AND
GOVERNMENT AUDITING STANDARDS REPORTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Broadmoor Charter School Board, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Broadmoor Charter School Board, Inc. (a nonprofit organization) (the "School"), which comprise the Statement of Financial Position as of June 30, 2013, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be

prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Material weaknesses are identified in Findings 2013-01 and 2013-02.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs (Finding 2013-03) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding 2013-04.

The School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
December 5, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Directors
Broadmoor Charter School Board, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Broadmoor Charter School Board, Inc.'s (a nonprofit organization) (the "School") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2013. The School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Basis for Qualified Opinion on Title I Grants to Local Education Agencies (LEA)

As described in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding CFDA 84.010 Title I Grants to Local Education Agencies (LEA) in Finding 2013-04 for Highly Qualified Teachers. Compliance with such requirements is necessary, in our opinion, for the School to comply with requirements applicable to that program.

Qualified Opinion on Title I Grants to Local Education Agencies (LEA)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Education Agencies (LEA) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2013-01 and 2013-02 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2013-03 to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
December 5, 2013

BROADMOOR CHARTER SCHOOL BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

<u>Federal Grantor/ Program Title/ Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>		
<i>Passed-through Louisiana Department of Education:</i>		
Title I Grants to Local Educational Agencies (LEAs)*	84.010	\$ 511,292
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367	57,472
Hurricane Educator Assistance Program (HEAP)	84.938	59,873
Special Education - Grants to States (IDEA, Part B)	84.027	172,390
Special Education-Preschool Grants	84.173	21,292
Race to the Top	84.416	<u>12,175</u>
		<u>834,494</u>
<i>Passed-through New Schools for New Orleans:</i>		
Teacher Incentive Fund	84.374	74,752
TOTAL U.S. DEPARTMENT OF EDUCATION		\$ <u>909,246</u>
<u>U.S. Department of Agriculture:</u>		
<i>Passed-through Louisiana Department of Education</i>		
National School Lunch Program*	10.555	\$ 240,587
School Breakfast Program*	10.553	<u>75,777</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>316,364</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ <u>1,225,610</u>

*Identified as a major program.

See accompanying Note to the Schedule of Expenditures of Federal Awards.

BROADMOOR CHARTER SCHOOL BOARD, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
For the Year Ended June 30, 2013

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Broadmoor Charter School Board (a nonprofit organization) (the "School").
2. There was one (1) instance of noncompliance material to the financial statements of the School that was disclosed and identified during the audit noted at Finding 2013-04.
3. There was one (1) significant deficiency and two (2) material weaknesses noted relating to the audit of the major federal award programs reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133*. The significant deficiency is identified as Finding 2013-03. The material weaknesses are identified as Findings 2013-01 and 2013-02.
4. The *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133* expresses a qualified opinion on Title I Grants to Local Education Agencies (LEA). The *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133* expresses an unqualified opinion on each other major program.
5. There were four (4) findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. A management letter was not issued for the year ended June 30, 2013.
7. The programs tested as a major program for the year ended June 30, 2013 were:

<u>Program Title</u>	<u>CFDA No.</u>
Title I Grants to Local Education Agencies (LEA)	84.010
National School Lunch Program	10.555
National School Breakfast Program	10.553

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The School did not qualify as a low-risk auditee.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT

Finding 2013-01 Internal Control Structure and Implementation

Condition:

The School's current internal control structure or operation does not allow management or staff in the normal course of performing their assigned functions to prevent, or detect and correct misstatements in a timely manner. During the course of the audit for the year ended June 30, 2013, we proposed significant audit adjustments primarily related to the accrual of liabilities and prepaids.

Criteria:

Management of the School is responsible for establishing and maintaining effective internal controls over financial reporting.

Effect:

Potential misstatement in the financial statements prepared for both internal and external reporting purposes.

Cause:

The limited size of the accounting department within the School and the lack of adherence to the internal financial policies and procedures.

Recommendation:

We recommend that management of the School enhance its oversight over the financial reporting processes to ensure the completeness and accuracy in recorded accounting transactions. We recommend that the Director of Finance and the Finance Committee review accrual accounts prior to year end and again at the beginning of the new year to ensure that accruals are appropriately recorded.

Response and Corrective Action Plan:

Management will enhance its oversight over financial reporting and will review accrual accounts with the Director of Finance through its monthly Finance Committee meetings.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT
(CONTINUED)**

Finding 2013-02 Internal Control over Specific General Ledger Accounts

Condition:

The current design of internal control components over significant general ledger accounts, does not address the associated risks of its internal controls over financial reporting. For the year ending June 30, 2013, we noted no documented evidence of periodic analysis, reconciliation and supervisory review of significant general ledger accounts such as salaries and related benefits and accrued liabilities. The School's various general ledger account coding and classifications are not currently structured to conform to the requirements of the *Louisiana Accounting and Uniform Governmental Handbook* (LAUGH manual).

Criteria:

Management of the School is responsible for establishing and maintaining adequate internal controls over financial reporting. Such responsibility includes the implementation of a financial reporting system to facilitate the complete and accurate preparation of its financial statements and related footnotes.

Effect:

Misstatements in previously reported financial statements resulting from significant year end audit adjustments.

Cause:

The School does not have an established system to ensure and monitor the timely and complete analysis, reconciliation, and review of accounting transactions.

Recommendation:

Management of the School should evaluate its existing policies and practices to ensure its adequacy in the maintenance of internal controls to for the accurate and timely reporting of all executed financial transactions. We recommend the School reformat its general ledger account numbers to reflect the proper LAUGH manual coding.

Response and Corrective Action Plan:

Management concurs with our recommendation. Account numbers will be assigned to all General Ledger accounts to reflect appropriate LAUGH manual coding.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Finding 2013-03 Preparation of the Schedule of Expenditures of Federal Awards

Condition:

The Schedule of Expenditures of Federal Awards provided to us for the year ending June 30, 2013 was incorrect for the amount listed as expended for the Title IV grant by \$1,182, the Education Jobs fund by \$1,735, the IDEA B fund by \$69,655, the Teacher Incentive Fund by \$7,204, and the National School Lunch Program by \$29,426.

Criteria:

Management of the School is responsible pursuant to the Code of Federal Regulations (CFR) for the maintenance of a complete and accurate Schedule of Expenditures of Federal Awards.

Effect:

Potential for misstatement in recorded federal award expenditures.

Cause:

The School does not have a system in place to ensure completeness in executed financial transactions.

Questioned Costs:

None.

Recommendation:

Management of the School should evaluate its current internal control design over financial reporting with an aim towards its completeness. We recommend the School evaluate the Schedule of Expenditures of Federal Awards at the beginning and end of each fiscal year to ensure that accruals are properly accounted for.

Response and Corrective Action Plan:

Management concurs with this finding, and will review accruals to ensure that they are properly accounted for in the Schedule of Expenditures of Federal Awards.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
(CONTINUED)**

**Finding 2013-04 Highly Qualified Teacher Certifications in Accordance with 34 CFR
200.56**

Condition:

There was one (1) teacher that was paid 100% through Title I grants that did not have a valid certification for the entirety of the year ending June 30, 2013.

Criteria:

Management of the School is responsible pursuant to the Code of Federal Regulations (CFR) to ensure that all teachers paid through the Title I grant are highly qualified in accordance with the definition at 34 CFR 200.56.

Effect:

The School was not in compliance with the Title I grant per OMB Circular A-133.

Cause:

The School does not have controls in place to verify the active status of the teaching certifications of the teachers paid through the Title I grant.

Questioned Costs:

There were questioned costs of \$48,960 for salary and benefits paid with the Title I grant for a teacher that did not meet the definition of highly qualified teacher for the year ending June 30, 2013.

Recommendation:

We recommend that the School review the teaching certifications annually for each teacher paid through the Title I grant and track expiration dates. The School should designate any teachers that will have expiring certifications in the current year and either remove them from Title I funding or ensure that the teacher renews their certification prior to it lapsing.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
(CONTINUED)**

**Finding 2013-04 Highly Qualified Teacher Certifications in Accordance with 34 CFR
200.56 (Continued)**

Response and Corrective Action Plan:

Management accepts full responsibility for this finding as it was an oversight regarding the expiration of a teacher's certificate at the conclusion of 2011-2012 school year. The teacher was a Highly Qualified and Level 1 Certified Teacher as defined by the State of Louisiana for the 2011-2012 year and was pending completion of an assessment to renew certification. All required assessments were completed by the teacher. The internal controls failure occurred due to management failing to remit a form and payment to the Department of Education to renew the certification. At no point was the certificate revoked or suspended for any reason.

Management will work to resolve this finding and Questioned Costs with the Department of Education, and will review the certification status of all federally funded employees on an annual basis.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2013

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE

Finding 2012-01 Internal Control Design and Implementation

Current Year Status – Unresolved. See Finding 2013-01.

Finding 2012-02 Financial Statement Preparation

Current Year Status - Resolved

Finding 2012-03 Internal Control over General Ledger Accounts

Current Year Status – Unresolved. See Finding 2013-02.

Finding 2012-04 Completeness of Recorded Obligations

Current Year Status – Resolved

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

Finding 2012-05 Preparation of Schedule of Federal Awards

Current Year Status – Unresolved. See Finding 2013-03.

Finding 2012-06 Internal Control Design and Implementation

Current Year Status – Unresolved. See Finding 2013-01.

Finding 2012-07 Financial Statement Preparation

Current Year Status – Resolved

Finding 2012-08 Internal Control over General Ledger Accounts

Current Year Status – Unresolved. See Finding 2013-02.

Finding 2012-09 Preparation of Schedule of Federal Awards

Current Year Status – Unresolved. See Finding 2013-03.

BROADMOOR CHARTER SCHOOL BOARD, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2013

SECTION III – MANAGEMENT LETTER

Not applicable.